
FOOD SECURITY IN IRAQ

IMPACT OF COVID-19

AUGUST-OCTOBER 2020



EXECUTIVE SUMMARY

In Iraq, COVID-19 cases continue to rise and at this writing, the country is experiencing another wave of new infections. The twin shocks of the pandemic on the non-oil economy alongside oil price decline continue to take a toll on fiscal revenues.

This leaves the government with limited financing options constraining its ability to fulfil pre-existing financial commitments, including the payment of wages to public servants. The breadth and depth of economic challenges highlight the urgent need for structural reforms. Current cuts to public investment and pro-growth programmes are short-term measures to appease the fiscal situation, but are unsustainable given the implications on growth and poverty. In October 2020, the government of Iraq introduced the White Paper, setting out a blueprint of reforms to address the budget deficit and create a fiscal space as well as wider reforms over the medium term.

In November 2020, the Iraqi parliament approved a funding deficit law, entitling the government to borrow IQD 12 trillion from internal and external parties to pay delayed salaries¹. The government requires around IQD 7.5 trillion per month in operational and salary expenditures – unattainable revenue in the environment of current oil prices. Hence, a decision was made to devalue the Iraqi dinar by 18% in December 2020 to reconcile its budget gap, of IQD 80 trillion. The next issue of this report will analyse the impact of the devaluation so far, including on food prices.

Poverty is estimated to increase in the short term by 7 to 14 percentage points, meaning that 2.7 to 5.5 million Iraqis would become newly poor – in addition to the existing 6.9 million pre-COVID-19-crisis poor. With the pandemic continuing, the government is faced with difficult tasks of trying to contain the virus, protect people's health and restart a crumbling economy.

Despite unabating pandemic, economic activities in the country have started to recover, however not yet to pre-COVID-19 levels. Despite challenges, the agricultural sector has proven resilient and continued to deliver, for example 5.1 million metric tonnes (mt) of wheat stored for the Public Distribution System for food rations (PDS). Among the challenges were high costs charged by input suppliers and the constrained ability of farmers to market their products. Cross-border food supply chains have also proven resilient, although some blockages were reported.

Although internal markets remained sufficiently supplied, movement obstacles jeopardised incomes of farmers and possibly preparations for the new agricultural season. Cold storage and the required packaging remain limited and expensive, and most farmers rely on selling their produce shortly following the harvest, often at the farm gate. Small farmers reported being particularly affected.

National average prices of the basic commodities (wheat flour, sugar, rice and vegetable oil) did not witness any significant month-on-month (m/m) or three-month changes. This was before the currency devaluation and spike in new COVID-19 cases. Market functionality improved in Karbala, Najaf, Kirkuk and Wassit, primarily because of increased religious tourism.

Conflict-affected populations are the most vulnerable strata, including IDPs (internally displaced persons), refugees and returnees from camps. Over one-third of Syrian refugees are employing negative coping strategies, such as relying on less expensive food, borrowing food or borrowing money to buy food. This is higher than the 29% and 21% among IDPs and returnees respectively, or the 8% national level.

Since the start of the pandemic, there have been various instances in countries where a decrease in access to food and markets has led to stampedes, looting and disturbances. In an already fragile context such as

Iraq, the added pressure of COVID-19 on scarce resources and livelihoods could potentially affect community-level disputes and lead to increased competition over food.

New research in Iraq was undertaken into the impact of COVID-19 on food security and community relations. Around 45% of people noticed an increase in resource-sharing. This could be positive: communities coming together in challenging economic times, indicating social cohesion and support structures. Despite increased hardship, community members may still have enough access to food to share resources with households in need.

However, the increase in sharing of resources in some areas could also be negative, indicating it is needed since some households do not have enough access to food and are relying more on donations from neighbours, family and other community members. Further research will be needed to answer such questions and potentially make prioritisation decisions for programming.





Acknowledgements

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I. POLICY RECOMMENDATIONS

FOOD SECURITY PRIORITIES AND POLICY REFORM

Iraq has continued to face an economic crisis since the outbreak of COVID-19 and its impact on global oil demand and prices. A decline in government revenues by more than half since 2019 has inflicted tremendous pressure on the state budget and reduced its capacity to respond to the implications of COVID-19, including on food security. COVID-19 and the economic crisis have highlighted necessary policy reforms. These were outlined in the White Paper prepared by the government and in the World Bank's Country Economic Memorandum.

Government reforms include, among others, the inclusion of the private sector, directed investment in specific areas of the food value chain, and harnessing the power of digitisation. There remains substantial room for additional reform, from making the PDS more efficient to integrating the private sector within the agriculture value chain while minimising dependency on government subsidies and participation.

Donor and international organizations are to support government stakeholders in defining the food security priorities for the country, both on the short- and medium-term impacts of COVID-19.

International organizations and the government are encouraged to work on policy reforms needed to assist Iraq in reviewing its food security priorities based on typical criteria such as effectiveness, efficiency, impact and sustainability. This includes institutional reorganisation needed to achieve these reforms, as well as reconsidering such measures as expensive incentives offered to farmers upon delivery of production, in order to avoid unnecessary stockpiles at the national level at high cost which are then exported at a lower price even below the cost of production (e.g. barley). This also requires investments in digitalisation to transform agriculture.

NATIONAL FOOD SECURITY MONITORING AND EARLY WARNING SYSTEM

The limited availability of data both at the national and local levels – required for sound decision-making in agri-food policy – remains a major challenge. The interdisciplinary nature of food security, its macro and micro drivers and implications requires multi-disciplinary actionable monitoring, and a national early warning system for food and agriculture that brings together data sets on Iraq's overall food supply and demand, as well as other key data including fiscal, monetary, health, trade and market information, for more in-depth analysis and policy recommendation development. It is pertinent to invest in digitalisation efforts to tackle the realities of COVID-19 (the "new normal" phase), particularly physical distancing requirements and movement restrictions.

Specific attention needs to be given to the impact of COVID-19 on critical infrastructure, services, support functions, and governmental and other actors in the agri-food sector. This is in the context of the changing pandemic situation (or other shocks), evolving global food supply chain challenges, and local political and security instability. A system should be put in place to advise the cabinet and respective government bodies on decision making, including integrating social cohesion into the responses of government, development and humanitarian actors, based on the interrelatedness of food security, conflict and social cohesion – particularly given the potential for COVID-19 to act as a conflict driver in an already fragile context.

MARKETS AND FOOD SUPPLY CHAIN MANAGEMENT

The Ministry of Agriculture (MoA) and other government institutions have been striving to keep markets for inputs and outputs well supplied throughout the pandemic and protect domestic production. The government needs to continue the development of food supply chains by farmers and the private sector particularly for perishable products to avoid food loss on the farm gate, in case of difficulties in access to traditional marketing venues. Opportunities need to be explored for increasing storage capacity accessible to farmers, for example using cooperative arrangements, developing contracting arrangements between farmers and processors and linking urban food consumers with farmers via "buy local" or similar digital initiatives, to avoid high prices of food in urban centres and depressed prices on the farm gate. The role of the government should remain to create an enabling environment for the private sector, starting with non-strategic crops.



II. SOCIOECONOMIC CONTEXT

Decreased demand for oil and lower oil prices have resulted in fiscal challenges for Iraq, which relies on the sector as the main source of foreign currency and income². Although energy prices increased by 6.4% in November supported by a 6% increase in crude oil prices, the energy index remained well below end-2019 levels. In November 2020, one barrel of crude oil traded for USD 43.30.³

Global food prices have been on the rise since June 2020. The FAO Food Price Index (FFPI)⁴, a measure of the monthly change in international prices of a basket of food commodities, averaged 105 points in November 2020, up 3.9% from October and 6.5% higher than its value a year earlier. The November increase not only marked the biggest month-on-month rise since July 2012, but also reached its highest level since December 2014. All sub-indices of the FFPI registered gains in November, with the vegetable oil sub-index rising the most, followed by those of sugar, cereals, dairy and meat.

The FAO Cereal Price Index averaged 114.4 points in October, up 2.5% from October and as much as 19.9% above its value in the corresponding month the previous year, marking the fifth consecutive monthly rise. Wheat export prices continued to edge upwards in November, largely on a tightening outlook for export supplies and reduced harvest prospects in Argentina. Maize prices also rose further in November, supported by continued large maize purchases by China, amidst further cuts to production estimates in the US and Ukraine, both major exporters. Among other coarse grains, firm demand continued to push up prices of feed barley and sorghum. In contrast, international rice prices held steady in November. Tight availabilities and currency movements in selected southeast Asian exporters were offset by limited demand and harvest pressure in other major origins.

Among the major food commodities traded, vegetable oil prices have been leading the price increases. The FAO Vegetable Oil Price Index averaged 121.9 points in November, gaining a significant 14.5% month-on-month and reaching its highest level since March 2014. This mainly reflects additional spikes in palm oil prices, combined with further increases in soy, rapeseed and sunflower seed oil values. International palm oil price quotations rose for a sixth consecutive month, underpinned by sharp contractions in world inventory levels, as smaller than customary output in major producing countries coincided with firm global import demand. As for soy oil, prices firmed amid subdued export availabilities in south America and upbeat import demand, notably from India. Likewise, rapeseed and sunflower seed oil values strengthened further on limited supplies. Meanwhile, firming petroleum prices also lent support to vegetable oil prices.

Figure 1: FAO Food Price Index (FFPI)

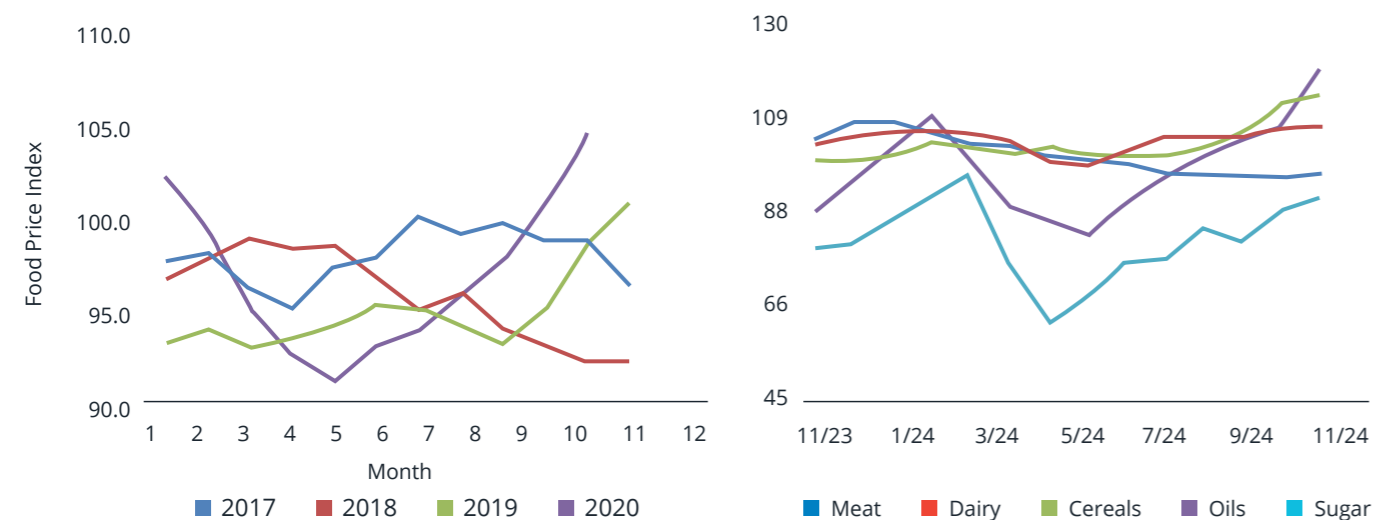


Table 1: Weekly export cereal quotations (USD/tonne) as of 1 December 2020 (Source: FAO)

	As of 1 December 2020	One Month Ago	One Year Ago
Wheat (US No 2, HRW)	261	276	221
Rice (Thai 100% B)	529	488	n.a
Maize (US No.2, Yellow)	191	191	166

B. GLOBAL AND BILATERAL TRADE

Despite concerns about the pandemic impacting the movement of goods across borders, international food supply chains have proven to be resilient to date. Most temporary bans on food exports have been lifted. Some supply chain bottlenecks were reported in transportation, particularly as movement restrictions prevented personnel servicing container ships on rotation, leading to exhaustion of staff. Trade in some foods, particularly seasonal fresh produce (often transported in the cargo hold of passenger planes), has been affected by cancelled flights. In addition, more intense border controls and the need to change drivers on borders, or trans-dock truck cargo, also resulted in delays.

Iraq's imports became cheaper due to sharp depreciations of Iranian and Turkish currencies since 2019, and increasing reliance on imports from its neighbours. Despite continued depreciation of the Iranian rial and Turkish lira, Iraq's imports from Iran and Turkey fell to significantly lower levels, estimated at around USD 2.4 and 2.8 billion respectively during April – August 2020. This is a result of border closures in March, recent enforcement of border controls to stop smuggling, and the import ban by the government on certain consumer products, including 23 agricultural items⁵. The situation will continue to evolve with the devaluation of the Iraqi dinar.

The temporary closure of borders with Iran, Kuwait and Saudi Arabia challenged the supply chain to find alternate sources for certain food items. The closures placed additional pressure on border crossings that remained open, namely Ibrahim Khalil (between the KR and Turkey), Trebil (Iraq and Jordan) and Umm Qasr port in the south.

These crossings have been functioning at full capacity; however, strict COVID-19 mitigation measures are enforced, continuing to cause long queues and transportation times. As of this writing, most official border crossings were opened. The government closed "unofficial" borders to limit smuggling.



C. FISCAL AND MONETARY SITUATION (PRESSURES)

Iraq's dependence on oil increased its current economic instability and discouraged significant investments in other sectors including agriculture. The economic outlook for the country hinges on the recovery of global oil markets. Therefore, the fiscal pressure from COVID-19 on oil prices is expected to remain during the pandemic and until the beginning of a global economic recovery. In addition, the capacity of the healthcare sector to cope with the pandemic remains constrained. The health sector remains underfunded and suffers from an outflow of human capital, decreasing the effectiveness of a response.

Depressed global energy demand and the Organization of Petroleum Exporting Countries' (OPEC)+ cut in production led Iraq's oil GDP to contract by 10.4% year-on-year (y/y) in the second quarter of 2020. Since then, oil production declined reaching a five-year low of 3.58 million barrels per day (mbpd) in August 2020⁶. Lower economic activity was most pronounced in the services sector, which contracted by 20.7% (y/y) in the second quarter, following the introduction of lockdowns and curfews in March 2020. This sharp contraction led non-oil GDP to decline by 9.2% (y/y) in the first half of 2020. As of September 2020, geo-mobility data showed activity in workplace areas to have partially improved to around 20% below their pre-COVID-19 levels.

In November 2020, according to the Ministry of Oil, Iraq exported 81.2 million barrels of crude oil (eight million barrels less than October), with a total revenue of slightly below USD 3.4 billion. Iraq averaged 2.7 million barrels in daily exports in November, compared to 2.9 million per day in October.

The fall in government revenues was 47.5% (y/y) in the first eight months of 2020, yet expenditures remained high at 21.8% of GDP due to the large share of public wage bills and pensions. These budget rigidities put pressure on government financing needs, estimated at a large deficit of 25.8% of GDP by end-2020. The government started pursuing consolidation measures by stopping discretionary spending including pro-growth programmes such as those linked to human capital and public service delivery (including the PDS) and focused all available resources on paying the public sector wage bill and pensions.

In November 2020, the Iraqi parliament approved the funding deficit law, entitling the government to borrow IQD 12 trillion from internal and external parties in an effort to pay salaries to state employees, which had been delayed for nearly two months. The government submitted the draft law to Parliament to borrow over three times this amount, which Parliament reduced to the IQD 12 trillion to cover expenses and salaries of four million government employees until the end of 2020⁷. Nearly 11% of citizens are public employees receiving salaries from the government estimated at IQD 6 trillion monthly. The government requires around IQD 7.5 trillion per month in operational and salary expenditures.

This is unattainable revenue in the environment of current oil prices, which are likely to remain below the breakeven price (USD 58/barrel [bbl]) needed to cover the two major spending items of salaries and pensions. The lack of fiscal space also has negative implications for growth, and the ability of the government to provide a stimulus to the economy and mitigate the impact of the pandemic. Higher financing needs create significant challenges for the country's macroeconomic balances and put pressure on the central bank reserves. The impact of the devaluation of the Iraqi dinar by 18% in December 2020 was intended to help reconcile its budget gap of IQD 80 trillion. The impact will be analysed in the next report.



Government expenditures on goods and services (government procurement) dropped by a significant 40.2% (y/y) in August 2020. Severe cuts were observed in public investment. Capital and investment expenditures in August 2020 were only 5.4% and 2.2% of their respective budget targets for 2020, significantly lower realisation rates than the same period in 2019. The breadth and depth of economic challenges highlight the urgent need for implementation of long overdue structural reforms.

The growing fiscal deficit since 2019 has increased financing pressures and contributed to the growth of existing public debt stock. With no access to international credit markets, the deficit is primarily being monetised with financing being secured through the Central Bank of Iraq (CBI) and to a lesser extent by state-owned banks. The reliance on domestic financing crowds out private sector financing and puts pressure on the exchange rate.

Iraq's public debt stood at 46.9% of GDP in 2019 and given the deficit levels and slowdown in growth, was 68.3% of GDP by end-2020⁸. Debt and fiscal management face significant challenges including the absence of a fully ratified budget in 2020; a draft 2021 budget was passed by the Cabinet in December 2020. The increasing amount of domestic debt, which is more short-term, also increases refinancing risks. A large share of existing debt and guaranteed stock (52% in 2019) consists of external sources of which around 9% are due to legacy external debt

In September 2020, the CBI also requested banks to suspend charging commissions on electronic payment transactions for six months and provide flexibilities on loans including extending maturities and reduce interest rates. To encourage the usage of electronic payments in lieu of cash, CBI has issued emergency regulations simplifying the Know Your Customer (KYC) requirements allowing Iraqi citizens to open e-wallets from home using their existing IDs. Additionally, a media campaign was launched during the second quarter to educate citizens on the convenience and health benefits of using electronic payments.

Measures implemented by monetary authorities contributed to a sharp growth in banking sector credit to the private sector and money supply in the first half of the year. Since mid-2019, credit growth to the private sector has accelerated as lower public expenditure reduced public sector credit demand leaving the banking sector with more resources to extend credit to the rest of the economy. This trend further accelerated with COVID-19-related monetary measures in the first half of 2020. Prior to the pandemic, credit facilitation to the private sector had been weak due to higher public sector (state-owned enterprises, SOEs) credit demand crowding out the private sector combined with the structural limitations of the banking sector geared towards SOEs.

Core inflation registered 0.4% and a 0.5% rise in the first eight months of 2020 (y/y). Inflation has remained low due to cheaper imports and weaker demand. The highest increase in consumer prices was in the health and education categories, a reflection of higher service delivery costs during the lockdown period. Food, housing and utilities underwent a deflationary trend in the first eight months of 2020 as imports became cheaper and demand weakened particularly as the hospitality, food and beverage industry coped with lockdowns and lower demand for dining outside the home

D. PLANNED STRUCTURAL REFORMS

Current cuts to public investment and pro-growth programmes are short-term measures to appease the fiscal situation, but cannot be sustained over the medium-term given their implications on growth and poverty. The government's White Paper,⁹ presented in October 2020, set out a blueprint of more than 200 actionable reform measures that if properly implemented could mark a turning point for Iraq.

The White Paper identifies two strategic objectives: (1) initiate an immediate reform programme to address the budget deficit, creating a fiscal space to give time for the process of implementing other wider reforms over the medium term; and (2) put the economy and the federal budget on a sustainable path.

The White Paper anticipates that the short- and medium-term objectives and associated reforms will require between three to five years to implement.

The reform programmes identified in the White Paper rely on five key pillars:

1. Achieving sustainable financial stability: key reforms include reducing the deficit from 20% to 3% of GDP and expenditure on salaries from 25% to 12.5% of the federal budget, collecting electricity tariffs from all users based on the real price of fuel on global markets; recovering and returning Iraq's smuggled and stolen money, increasing revenues from customs and taxes, reforming Iraq's Pensions Fund and moving to gradually end federal budget support, reforming financial management systems, and reviewing the exchange rate of the dollar against the dinar (then devalued in December 2020).



2. Implementing strategic reforms and creating sustainable job opportunities, including modernising and rehabilitating the financial sector; modernising and rehabilitating the banking system, supporting the development of private banks, reforming government banks and introducing and activating the Core Banking System in Al-Rafidain and Rasheed Banks; expediting the development of e-banking services; establishing new trading markets, such as a commodity market and a currency exchange market (Forex); supporting the sectors that drive the economy, such as agriculture, oil and gas; introducing a private sector support fund, simplifying procedures, and providing other non-financial aid; creating job opportunities in the private sector and supporting small and medium enterprises (SMEs); and adopting a national strategy for education and training that links educational outcomes with the future need for the labour market.

3. Improving basic infrastructure, including increasing the effectiveness and improving the performance of all parts of Iraq's electricity sector; developing Iraq's digital infrastructure, including the rollout of advanced 4G connectivity and preparing for the introduction of 5G technology; modernising the legal and regulatory framework of the transport sector, encouraging private investment in transport; developing industrial cities and free zones in Iraq.

4. Providing basic services and protecting vulnerable groups during and after the reform process, including improving water supply for both drinking and irrigation and complete sanitation projects and networks; building 1,000 new schools during the period of the reform programme; reforming the social security system, establishing a unified and financially sustainable pension system for all Iraqis whether working in the public, private, cooperative or mixed sectors; completing and implementing the draft health insurance law to ensure that all Iraqis have access to essential health services.

5. Improving governance and introducing changes to the legal framework to enable institutions and individuals to implement reforms, including reviewing and amending official guidance in relation to government contracts; introducing e-governance systems to strengthen oversight of government contracting and collection of taxes and customs; working with specialist investigative international organisations to return large sums of money smuggled out of Iraq, introducing an electronic governance system in the field of government contracting and tax and customs collection; completing the project establishing the National Information Centre to facilitate the introduction of government e-services to citizens, automating procedures for obtaining key documents such as nationality and passports, and accessing pensions and social security; introducing electronic signature and transactions throughout the public administration system and phasing out paper transactions.

A detailed implementation plan of the White Paper was published to outline the required process, identify key stakeholders and establish timelines and monitoring mechanisms.

There are large economic gains to be made from implementing long-awaited structural reforms. The World Bank simulates that such reforms, with 2019 as a baseline, could add as much as 58.4% to Iraq's per capita GDP growth. The ultimate success of this reform initiative depends on resolute political will and the garnering of public support to lead Iraq out of the fragility it has been grappling with for so long.

E. SUBSIDIES AND SOCIAL PROTECTION

Poverty in Iraq, even under a benign impact scenario (fewer restrictions on movements and lower impact on oil prices), is estimated to increase in the short term by 7 to 14 percentage points¹⁰. This means 2.7 to 5.5 million Iraqis would become newly poor due to the twin crises of declining oil prices and COVID-19, in addition to the twin crises of declining oil prices and COVID-19, in addition to the existing 6.9 million pre-crisis poor.

With the pandemic continuing to surge, the government is faced with the difficult tasks of trying to contain the virus, protect people's health and restart a crumbling economy. Reducing the public wage bill and pensions could push an additional 0.4 to 1.7 million Iraqis into poverty.

The World Bank and UNICEF study in 2020¹¹ explored the poverty impacts of combined changes in food prices and labour income under two scenarios of economic impact—with and without reductions in public sector wages. The dual burden of both a 20% increase in food prices and lower labour market income would be severe in Iraq. Nationally, poverty¹² would increase by 14.4, 13.1 and 8.9% percentage points under the moderate-low, partial-low and partial-high full curfew scenarios respectively.

Having a substantial portion of the population already in vulnerability (just above the poverty line) coming into the crisis, the centre and north regions would see the highest increase in poverty. Poverty rates would increase by 10.2–17.2 and 10.5–14.8 percentage points in the centre and north respectively. Moreover, the KR will see a significant share of its population falling into vulnerability; near poverty rates would increase by 14.8, 14.5 and 11.3% percentage points under the three economic scenarios respectively.

With a large population and many households near the poverty coming into the crisis, the centre region will host around 42–46% of all new poor in the country. While the KR comprised only 4.2% of the total poor in Iraq in 2017-18, it will host a far greater number of the new poor (between 6.5 and 10.3%). In contrast, the north and south regions will have lower concentrations of the new poor than the 39.6 and 32.6% of the pre-crisis poor which they hosted.

Geographically, reforms such as across-the-board wage cuts would also increase poverty the most in the KR and the centre, given the high shares of public sector workers. Currently poor households in the north and south would also be pushed even further into poverty.

Authorities have implemented a range of measures to tackle the impact of COVID-19 on the economy. The Ministry of Finance (MoF) provided immediate cash assistance of IQD 50 billion to the Ministry of Health (MoH) to enable it to provide needed support to citizens. Additional funding support amounting to USD 37 million was provided to MoH from a fund established by the CBI and financial institutions. The authorities also launched the Minha ('Grant') programme in 2020, to assist citizens affected by the coronavirus crisis and who are not receiving any salary or income from the government (including the existing cash transfer programme administered by the Ministry of Labour and Social Affairs). The Minha programme provides a monthly benefit of IQD 30,000 to about 10 million citizens.



III. FOOD AVAILABILITY AND STABILITY

A. FOOD PRODUCTION

Despite fiscal and other challenges facing the economy, the agricultural sector has proven its resilience to shocks and continued to deliver. Among the main concerns voiced were high costs charged by input suppliers and their constrained ability to market their products, mostly due to restrictions on movements, particularly for small farmers.

Some pest outbreaks continued to occur in the country, including Corn Stalk Borer, Red Palm Weevil in Basra and rodents in Najaf and Diwaniya. The outbreaks were controlled and their impact localised.

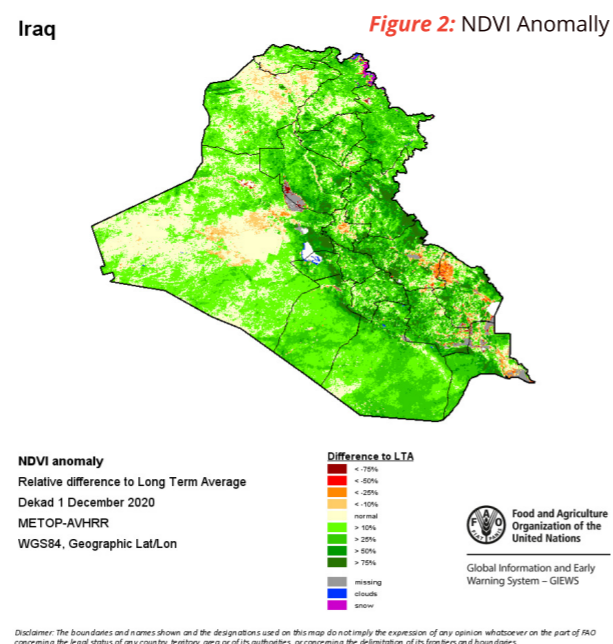
Harvesting of winter wheat and barley, the two most important cereal crops in Iraq, concluded in June. By the end of August, about 5.1 million mt of wheat were stored by the MoT's General Company for Grain Trade (about 500,000 mt more than in the previous year) for the delivery via the PDS. In the KR, the government silos received the full allocation of 390,000 mt. According to the KR government (KRG), wheat production in 2020 was estimated at 2.43 million mt, with the remainder sold on the local market or stored. Similar to previous years, the top four wheat-producing governorates were Ninewa, Salah al-Din, Wassit and Kirkuk. Although the government strived to pay farmers faster than in the past, reports indicate some were not paid until October 2020, although were already preparing for the new crop season.

The Central Statistical Organisation (CSO)¹³ estimates that in 2020, some 1.76 million mt of barley were harvested, slightly above 1.52 million mt harvested in 2019. The government purchases barley then re-sells it as feed to poultry farmers.¹⁴ MoA is subsidising 50% of the costs of fodder barley for livestock and fishery owners based on registered herd size, as well as feed processors.¹⁵ MoA distributes the subsidised barley feed to sheep and goat breeders, buffalo and cow breeders, camel owners and poultry and fish farms. A distribution plan for all livestock breeders and feed factories (50% subsidised prices) based on their production and absorptive capacities was developed. Originally, the government purchased the barley from farmers at a highly subsidised rate (IQD 460,000 per mt).¹⁶

In the crop calendar, rice and maize were harvested between October and mid-December. Winter wheat and barley for harvesting from May 2021 were planted between October and December, depending on the availability of soil moisture. Cereals cover up to 80% of cultivated area in the country.

The Normalised Difference Vegetation Index (NDVI) measures the "greenness" of ground cover and is used as a proxy to indicate the density and health of vegetation. NDVI values range from +1 to -1, with high positive values corresponding to dense and healthy vegetation, and low and/or negative NDVI values indicating poor vegetation conditions or sparse vegetative cover.

The NDVI anomaly indicates the variation to the long-term average, where a positive value signifies enhanced vegetation conditions compared to the average, while a negative value indicates comparatively poor vegetation conditions. As of the first decade of December 2020, vegetation conditions across Iraq were generally favourable, although localised pockets of below average conditions occurred (Figure 2).



According to the KRG Ministry of Agriculture and Water Resources (MoAWR), nearly 20,000 dunums were planted with rice in the KR, with an expected harvest of about 15,000 mt, compared to 10,000 mt in 2019, on the account of sufficient precipitation.¹⁷ Reports indicate most rice in the KR is sold at the farm gate. One canister containing 16kg of Sadri (long grain) rice sold for around IQD 55,000. The KR produces 6% of the rice sold in the region.

Elsewhere in the country, MoA estimated the rice harvest at an above-average level of about 164,000 mt from a planted area of 144,750 dunums distributed within the regions Al Shamiya, Ghammas, Al Mahnawiyah, Al Salih and Al Shanafiyah. The General Company for Grain Trading is to receive the entire marketed rice production as it can hold around 132,000 mt in the governorate silos. In total, about 75,000 hectares were planted with maize.

While rice marketing did not face any major challenges, potato farmers in the KR reported that movement restrictions imposed to contain the spread of COVID-19 prevented them from reaching their main markets in the southern provinces in 2020s. The supply in the KR exceeds demand almost three times, where around 90,000 mt of potatoes are consumed compared to a production of around three times that amount. Farmers storing their produce pay up to IQD 100,000 dinars per day for cold storage. In late September, farmers' protests took place in Erbil against the import of potatoes from Syria and Iran despite the ban on potato imports in place since August 2020, to protect local farmers. In October 2020, potatoes in the KR were selling for about IQD 500 dinars per kg, up from IQD 200 in September, as efforts to prevent potatoes from Iran and Turkey entering the market intensified.¹⁸

While weather favoured cereal and potato production in the KR, untimely rains impacted beekeeping.

With fiscal pressure mounting, the government moved part of the unused budget from MoT to MoA in order to finance the subsidy of seeds and inputs for the wheat and barley winter planting season. The Council of Ministers prioritised the provision of agriculture inputs to farmers, in preparation for the winter planting season, and the fulfilment of financial obligations owed to and by farmers.

Council decisions include: (1) Transfer of debt obligations owed by MoA and MoT to farmers for their wheat and barley production to the state-owned Agricultural Cooperative Bank (ACB), which will deduct loan payments owed by farmers to the bank and transfer the remaining balance to farmers; (2) Postponement of due interest payments on loan principals owed by farmers to the ACB; (3) Open agriculture bank accounts in the ACB for farmers cultivating strategic crops; (4) Transfer of future payments owed to farmers to these accounts; and (5) MoA to supply farmers with subsidised seeds and fertilisers, while MoT to transfer costs from its budget to MoA.

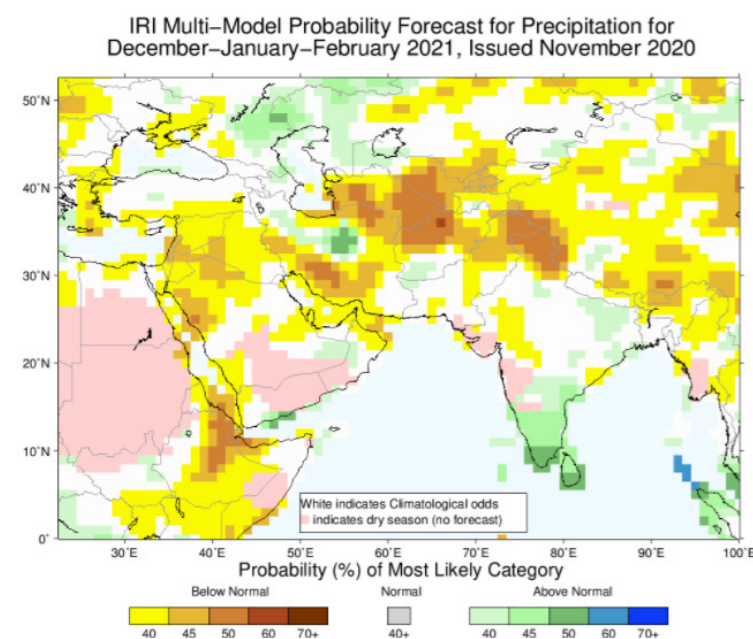
For distribution to farmers for the 2020/21 crop year, MoA received about 450,000 mt of wheat seeds, and for the first time since 2003, distributed domestically produced improved barley seeds. Registered farmers received 35kg of seeds for base grade, 40kg for registered seeds¹⁹, and 45kg for certified seeds. MoA approved the size of areas planted with higher rank seeds (minimum 40 dunums), and will subsidise around 70% of the input costs for the wheat and barley planting season for all MoA registered farmers. Seeds along with agricultural supplies to wheat and barley farmers were delivered in October.



Most cereal production remains rainfed as, among other reasons, inadequate and costly irrigation infrastructure prevents wider utilisation. Substantial rainfall in November eased concerns of an early season drought. As of the first decade of December 2020, planting of winter grains, mainly wheat and barley, continued under favourable weather conditions.

There is a high probability that cumulative precipitation amounts in the 2020/21 winter season in parts of the country are likely to be below average stemming from La Niña conditions²⁰. Uneven geographical distribution of rains across countries could amplify the impact of dry weather conditions in some regions, and partially offset the impact of La Niña-induced weather patterns on total production, especially if timing of the rains coincides with the critical growth stages. Decreased precipitation is also likely to constrain availability of water for irrigation of more profitable crops.

Figure 3²¹: IRI Multi-Model Probability Forecast for precipitation for December - January - February 2021, Issued November 2020



Given the increased phenomenon of water scarcity in the country, the Ministry of Water Resources announced the development of a joint plan with MoA to allocate and irrigate suitable areas for growing wheat, barley and vegetable crops. The plan is to reach 5 million dunums of crops with surface water irrigation. MoA recorded farmer deviations from the agreed summer agricultural plan, which allocated specific planting areas for specific crops, taking into account water availability and market conditions. Over 3 million dunums were planted with wheat and barley beyond the agreed allocations. The government, through MoT and MoA, will withdraw current and future subsidies from violating farmers, with MoA removing support for subsidised fertilisers, seeds, and pesticides²². MoT is not purchasing any of the production at subsidised prices beyond the agreed allocations.

The agriculture winter plan for the 2020/21 crop

season covers 10 million dunums, a reduction compared to the previous year's 15 million dunums, due to the fact that there will be a 20% reduction in water allocated to agriculture in the current season. In a bid to improve water availability, the government aims to negotiate a protocol of cooperation between Iraq and Turkey on the management of water resources of the Tigris river.²³ The proposed winter agricultural plan for cultivating wheat in the Kurdistan Region of Iraq for the season 2020-2021 amounts to a total of 3,585,018 dunums, with 2,976,147 dunums rainfed and 608,871 dunums depend on irrigation.

FAO continued its assessment of the impact of COVID-19 on food supply by conducting key informant interviews (KIIs) with government officials, extension officers, farmers and vendors of agricultural inputs. Government officials confirmed their commitment to communicate government decisions and announcements with farmers in due time, using a variety of channels, usually a combination of in-person exchanges, village focal points, displays at Ministry premises, social media and messaging applications.

As a result of the COVID-19 pandemic, government officials reported some farmers experiencing decreased selling prices as well as quantity. Lower selling prices were partially attributed to the difficult fiscal position of the government, which prevented it from purchasing from farmers at subsidised prices; other impacts included expensive inputs. However, more than 60% of those interviewed maintained that farmers were unaffected by the COVID-19 pandemic. About a third of respondents thought that certain producers, such as field crop and vegetable farmers, were more affected than others. Fewer than 20% reported that disputes over access to natural resources occurred in their governorate, and those mostly referred to water. Farmers' urgent needs were identified as agricultural inputs, financial support, and marketing services including timely payment of outstanding dues to farmers and subsidised inputs.

Extension workers unanimously agreed that their work has been impacted by the COVID-19 outbreak. Field visits were cancelled, and replaced by consultations via phone and social media. According to the extension agents, most farmers have been still able to market their products, albeit with some challenges, with the pandemic and economic disruptions ranked among the top three factors affecting agricultural production. Those unable to market their produce faced high levels of food loss due to insufficient storage capacity. Most of the slaughterhouses were reported as functioning normally, while the operations of many milk collection centres were partial, resulting in higher spoilage.

However, most clients were purchasing less than before, and inquiring about possibility to purchase inputs on credit. In an effort to safeguard their business given the lower volume of sales, vendors extended credit. Vendors reported difficulties in transporting goods, and consequently had to adjust by changing their own suppliers, although at an increased cost which they then passed on to their customers. Despite challenging conditions, only a few vendors thought they might have to close in the upcoming months, although it is apparent that the coping capacity of most has been eroded.

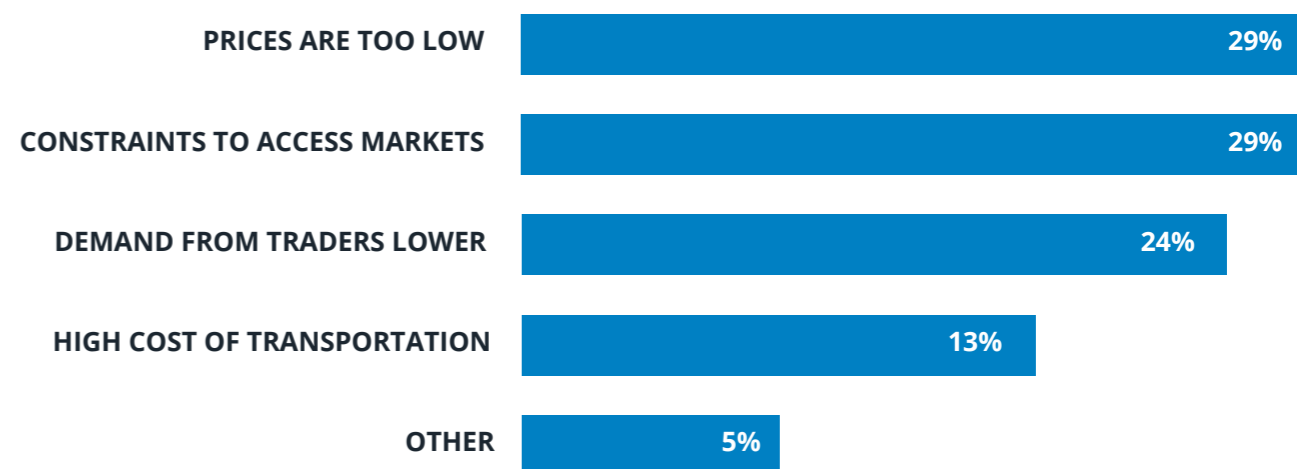
Over 300 farmers were interviewed (with holdings averaging 420 dunums; over 70% were cultivating less than 100 dunums). More than half the farmers reported difficulties in crop production in September/October 2020, listing a variety of factors: lack of access to land, fuel, inputs, markets and more. Consequently, many expected yields were lower than in past years. Livestock rearers reported difficulties accessing feed, pasture, veterinary services and inputs. The income of most farmers decreased compared to the same time the previous year. Nearly half all farmers interviewed reported their income "decreased a lot," while an additional 40% said their income "decreased a little." These decreases in income are attributed to the reduced volume of sales and low farm gate prices, as access to markets remained restricted.

Farmers in many cases also reported not receiving financial support from the government or other actors before or after the COVID-19 outbreak. Around 80% of respondents claimed they did not receive any regular agriculture assistance from the government before COVID-19, while only 4% received government assistance and 7% assistance from aid agencies in September/October.

The main sources of income of the interviewed farmers were from livestock and livestock product sales (58%), remittances (23%) and employment/ salaries (11%). Other sources of income included humanitarian and other assistance, and agricultural casual labour. A large proportion of farmers reported their income from agricultural production decreasing a lot (47%) while 39% reported a small decrease in income as a result of COVID-19 mitigation measures. Around 5% and 8% reported an increase in incomes and no change at all respectively, during the pandemic.

Upon further investigation into recent drops in sales of agricultural produce, over 70% of farmers reported facing difficulties that included constraints in access to markets (29%), producer prices too low (29%), demand from traders lower than usual (24%) and higher transport costs (13%). Other reasons noted (5%) were lower sales, inability to compete and poor access to storage facilities. An investigation into the prices of commodities sold by farmers indicated that over 70% of prices were lower than usual, thus causing a negative impact on the farmers who rely on agricultural sales for their income.

Figure 4: Reported reasons for recent drops in sales of agricultural produce



B. FOOD TRADE AND RESERVES

Although no physical shortages have been reported on the domestic market and ample domestic wheat harvests decreased the wheat import requirement, the above budget deficit law passed in November 2020 could open a window for MoT to announce international rice and wheat tenders. Cereals can be also imported without tenders issued by MoT.

In the first 10 months of 2020, Iraq imported about 851,000 mt of wheat and wheat products from Turkey, similar to the levels imported in the first 10 months of 2019, but 20% less than the corresponding time period in 2018.²⁵

The relative decline was more pronounced on trade flows from Jordan: while in 2018 in the first 10 months Iraq imported slightly over 10,000 mt of wheat products from Jordan, in the first 10 months of 2020 it was 3,000 mt. So far in 2020, no imports were recorded from the US (in the past averaging about 500,000 mt) or Canada.²⁶

In August 2020, the Export-Import Bank of the United States (EXIM) approved a USD 450 million loan to assist Iraq in the purchase of US goods and services, including rice and other agricultural products.²⁷ This agreement follows a USD 5 billion Memorandum of Understanding signed by the Iraqi government and EXIM in October 2019, to identify potential projects in Iraq that fit the procurement criteria.²⁸

Following an abundant harvest of barley and comfortable levels of domestic stocks resulting from price incentives offered to farmers, a first ever export sale of barley took place in the autumn, in which exporters entered an auction for the 700,000 mt of barley from the 2019 abundant harvest. The auction started at USD 125/mt. Among the countries reported as interested in buying Iraqi barley were India, Bangladesh, the Gulf states and Maghreb countries. MoA also facilitated the export of 700,000 mt of dates from governorates including Karbala, Babylon, Diyala and Basra to a number of countries internationally.²⁹

The list of products for which an import ban applies is adjusted based on the domestic crop calendar. For example in September 2020, yellow maize and watermelon were removed from the list since the domestic harvest was over. In October, the KRG MoAWR decided to allow the import of tomatoes, following an increase in local prices due to higher seasonal demand. The list currently bans the import of several agricultural crops and animal products due to their abundance in local markets, including cucumbers, eggplant (aubergine), honey, garlic, dates, as well as eggs, chicken and frozen and chilled marine and river fish. Bans apply all to border crossings, regardless of the import permit date.



C. IMPACT OF COVID-19 ON FOOD AND AGRICULTURE SECTOR

The pandemic negatively impacted SME production levels and sales between June and September 2020. Seven of 10 SMEs across all sectors reported production and sales were negatively affected on average by 53%, with the food and agriculture sector reporting a 50% negative impact. Businesses' ability to retain employees recovered towards the end of 2020, an average increase of 27% in the number of total employees, with the food and agriculture sector retaining 21% of its employees.

DECLINE IN REVENUE AND AVAILABLE SERVICES, AND RISK OF CLOSURE

SMEs saw their monthly revenue cut in half by the end of June 2020. However, revenue began to recover between June and the end of August 2020 (198%). Pre-pandemic in February 2020, food and agriculture SMEs reported an average of USD 6,582 monthly revenue, which dropped by over 50% to an average of USD 2,870 in June. However, the sector saw an improvement in monthly revenue to an average of USD 3,509 (a 249% increase). The pandemic also affected the surveyed SMEs in many other dimensions. The three top reported issues for the food and agriculture sector were temporary shutdowns (41%), clients not paying bills (30%) and a reduction in investments (30%). Other issues created by COVID-19 were problems with infrastructure and the spoiling of raw material, employee absences due to sickness or childcare (8%), increased administrative bottlenecks (8%), alongside other factors.

DEMAND FOR INPUTS AND SALES

COVID-19 had a significant impact on SME inputs and sales. In July and August, more than half the firms in the COVID-19 had a significant impact on SME inputs and sales. In July and August 2020, more than half the surveyed firms faced lower domestic sales to consumers. The food and agriculture sector faced a 52% decrease in domestic sales. About 24% of food and agriculture firms faced difficulties in accessing inputs. In May 2020, 75% of firms in the food and agriculture sector had decreased domestic sales, while 53% had difficulties in accessing inputs. The improvement in access to inputs by firms and increased domestic sales could be attributed to the easing of lockdown measures.

Other reported issues included a reduction in sales to businesses (23%) and difficulty in importing inputs (10%). Some firms also reported an increase in domestic sales: agriculture and food (16%), manufacturing and textiles (10%). The pandemic apparently did not affect the value chain of SME owners; the four most common inputs used stayed the same from early May 2020 to the period of data collection August 2020.³⁰

RISK OF PERMANENT CLOSURE OF SMEs

More than half of SMEs surveyed reported a risk of permanently shutting down. However between June and September 2020, almost all sectors witnessed a decline in the danger of closing doors forever, with only education and technology reporting no change. The proportion of SMEs in the food and agriculture sector facing a permanent risk of shutdown decreased from 57% in June to about 30% in the next round of data collection. Among 324 businesses who reported they faced the risk of permanent shutdown, 27% claimed it could be within six or more months, 23% within three or fewer months, and 7% within one month or less.

IV. FOOD ACCESS AND STABILITY

While the pandemic continues to spread, economic activities are gradually recovering. WFP analysed the concentration of monthly median nitrogen dioxide (NO₂) across Iraq³¹. NO₂ is an important trace gas in our environment, linked to anthropogenic activities, specifically industrial, fossil fuel and biomass combustion. Compared to April's strict lockdowns and July data, higher concentrations of air pollutants were observed in October, especially around metropolitan areas such as Baghdad, Basra, Erbil, Ninewa, Karbala and Najaf, indicating that markets and economic activities have gradually resumed, however not to pre-COVID-19 levels yet (see maps in figure). Several lockdown restrictions were relaxed by the Iraqi National Health and Safety Committee from September, however have re-commenced with the latest spike in new COVID-19 cases.³² In the period between, more movement and travel between Iraqi governorates was permitted, starting to make it easier for vendors to reach markets in places that were hard to reach before due to curfews.

Figure 5: Iraq: Covid-19 - Concentration of Nitrogen di Oxide (NO₂)

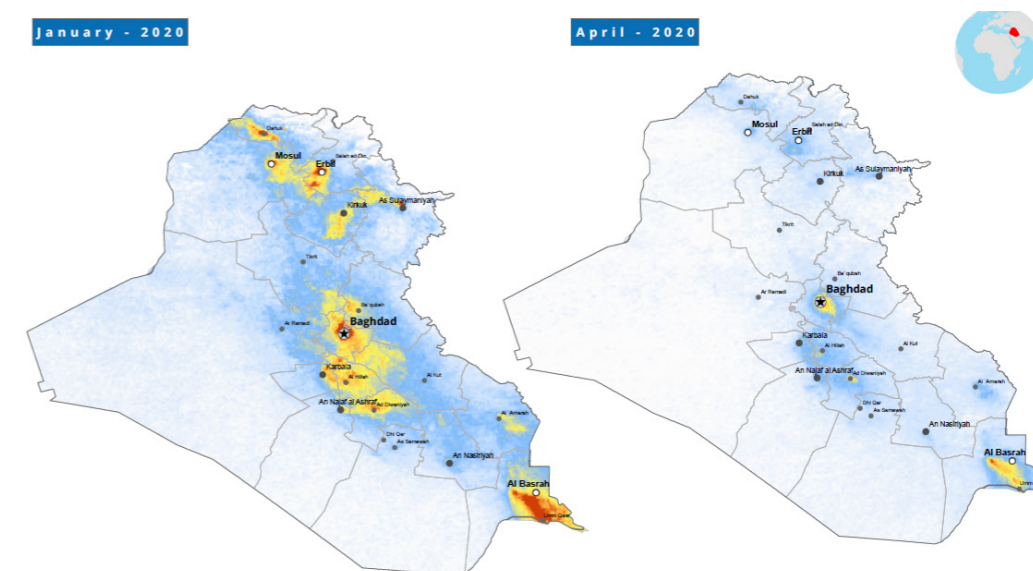
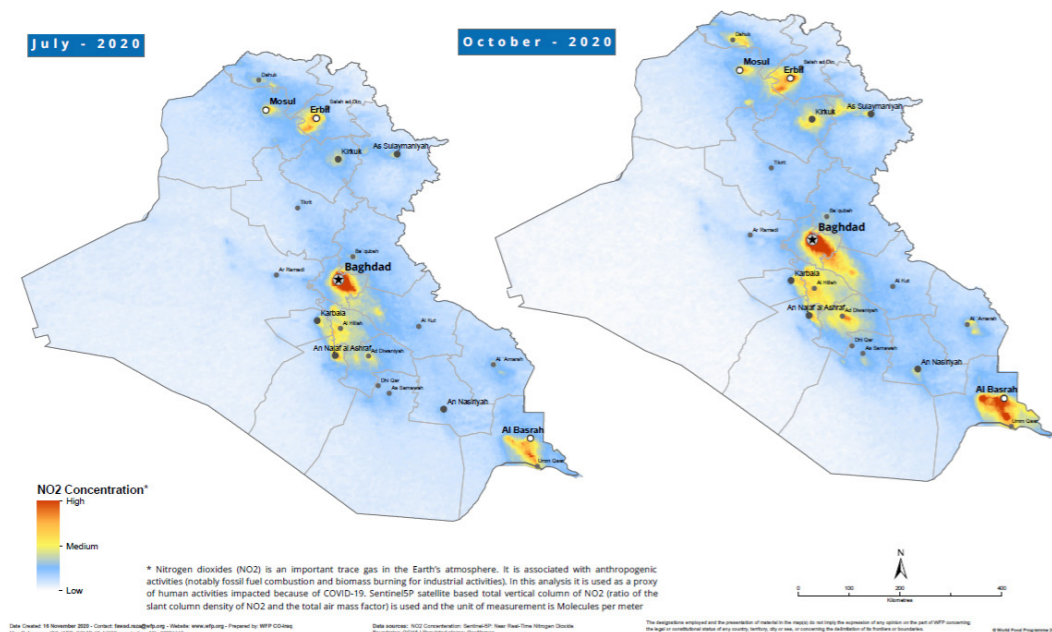


Figure 5: Iraq: Covid-19 - Concentration of Nitrogen di Oxide (NO2)



FOOD PRICE TRENDS

During the month of October, national average prices of basic commodities (wheat flour, sugar, rice and vegetable oil) did not witness any significant m/m or three-month changes. Considering this stability in the main commodity prices, the value of WFP's food basket for Cash Based Transfers (CBT, based on 2,100 kcal/person/month) also remained relatively stable, with a minor increase (1%) in average price compared to its value three months earlier in July 2020. This increase at the national level was primarily driven by the increase in Anbar of 12% (IQD 21,450 to 23,925) and Wasit at 4% (IQD 20,396 to IQD 21,146). The price of the CBT food basket decreased in Sulaymaniyah by 7% (IQD 19,615 to IQD 18,234) and Najaf by 5% (IQD 21,234 to IQD 20,625) compared to the price three months earlier. The following issue of this report will include an analysis on the changes in food prices following the currency devaluation in December 2020.

The national level value of the Survival Minimum Expenditure Basket (SMEB) compared between September and July 2020 did not change. However, at the governorate level, price data indicated that Anbar witnessed a noticeable increase (12%) in its SMEB compared with three months earlier in July.

Figure 6: Month on Month Price Change

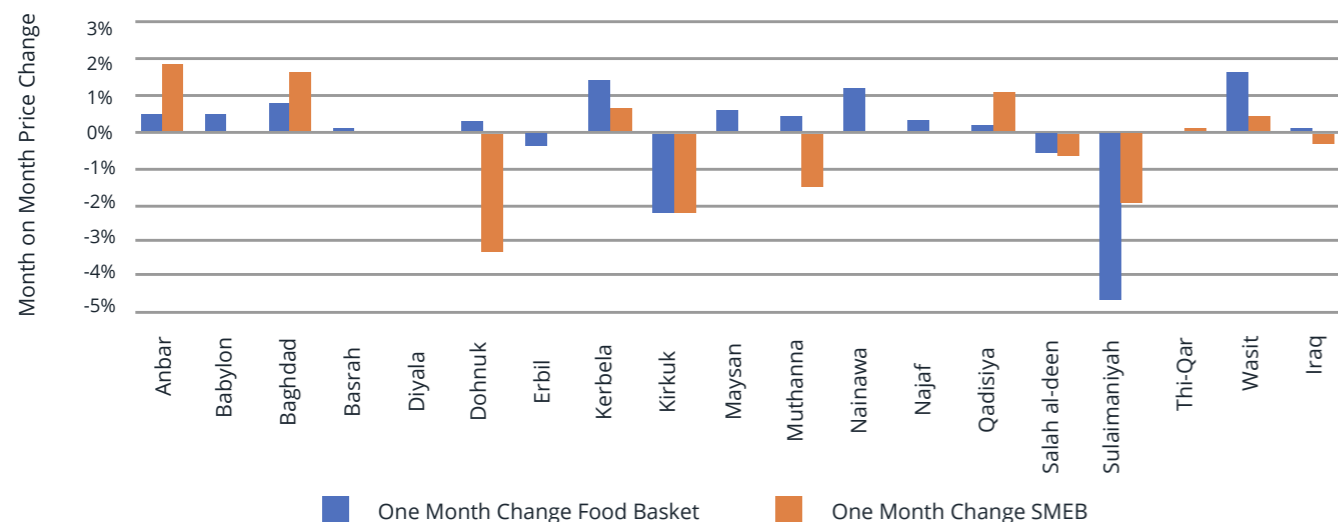
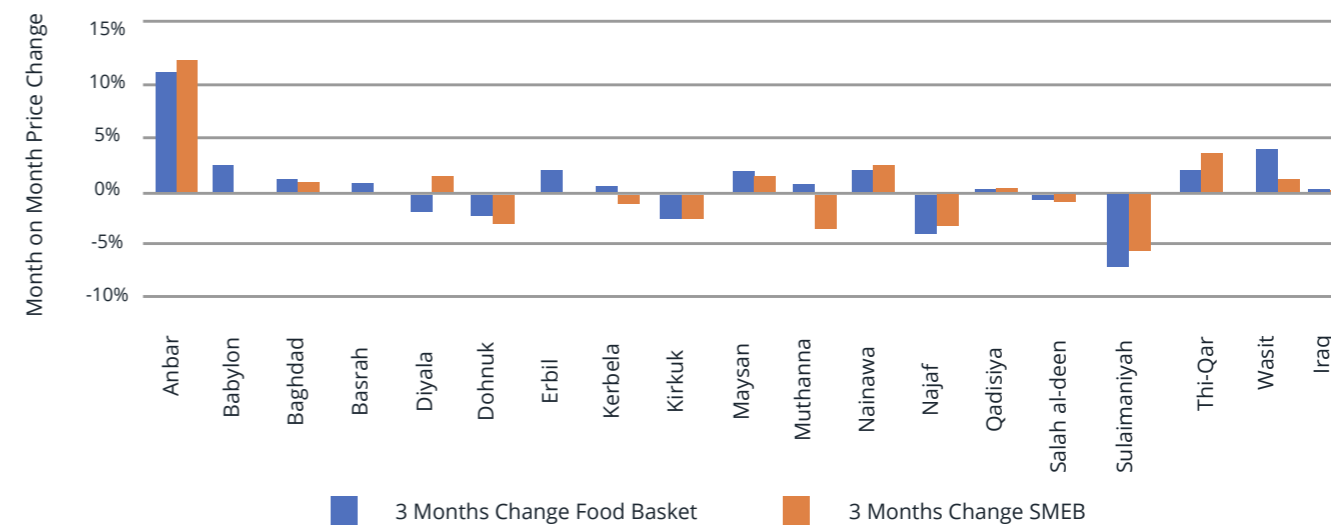


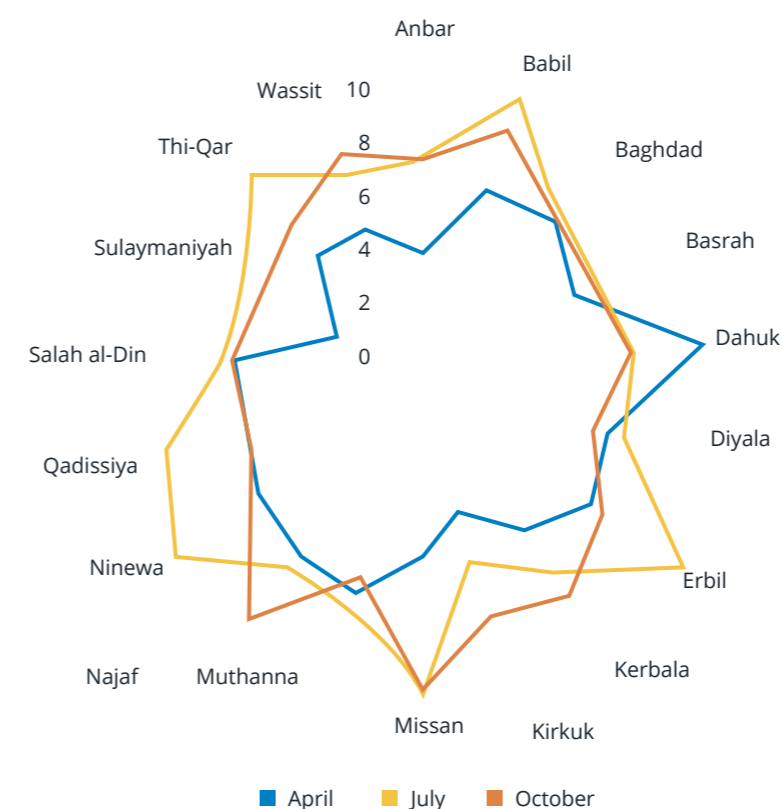
Figure 7: Price Change (3months)



CHANGES IN MARKET FUNCTIONALITY

The Market Functionality Index (MFI) is an analysis framework, which is a result of a collaboration between the Economic and Market Team within the Research Analysis and Monitoring, and Supply Chain divisions of WFP's head office. Because of movement restrictions, WFP Iraq is collecting a reduced version of the full MFI module under its Hunger Monitoring System (previously known as mobile Vulnerability Analysis and Mapping, mVAM). The data analysis revealed that market functionality improved during October 2020 in the markets of Karbala, Najaf, Kirkuk and Wasit. This is primarily because of increased religious tourism in these areas³³. The pilgrimages generate healthy market activities during this time; the MFI detected and reported such changes. However in Erbil, Ninewa, Qadisiya and Thi-Qar, the MFI decreased when compared with the last round of data collection in July 2020.

Figure 8: Mobile Market Functionality Index (mMFI)



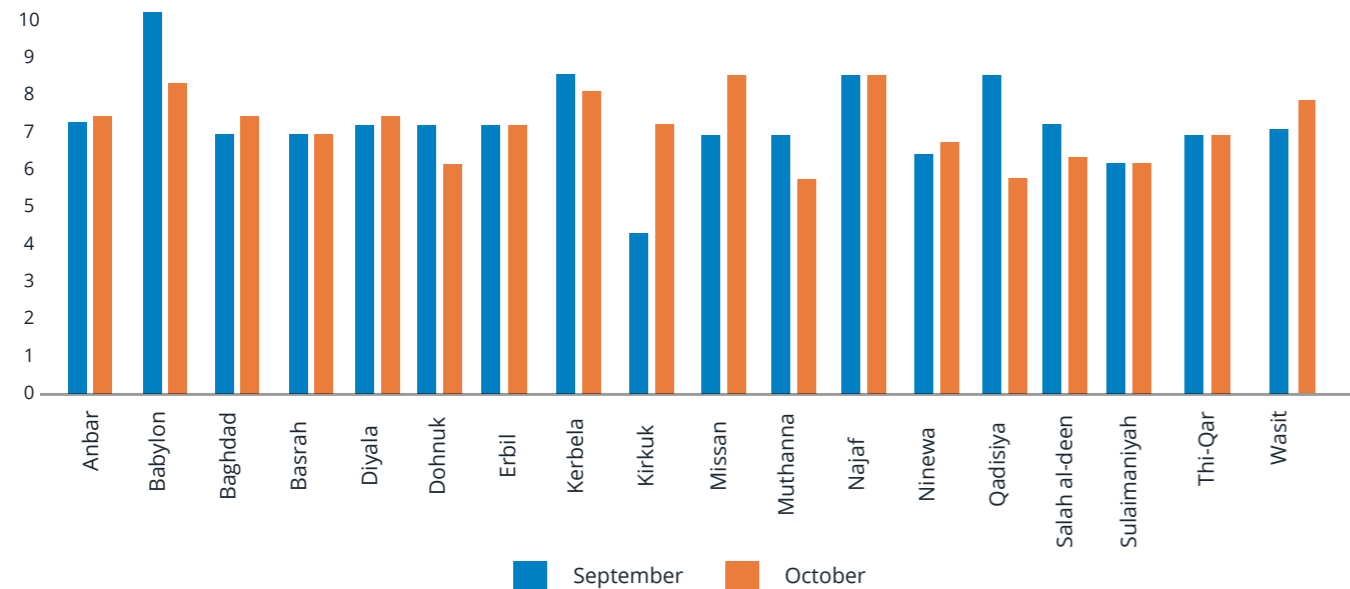
HIGHEST AND LOWEST MARKET FUNCTIONALITY BY GOVERNORATES

The governorates reporting the lowest MFI in September 2020 were Wassit, Salah al-Din, Basra, Thi-Qar, Muthanna, Missan and Diyala. The MFI was low in September before the lockdown restrictions were eased. Even during the lockdown, other governorates such as Babil, Ninewa, Karbala and Najaf still reported the highest MFI as a result of increased religious tourism allowed in these areas.

After the ease in lockdown restrictions, the highest MFI was reported in Maysan, Najaf, Babil, Karbala and Wassit. The lowest MFI was reported in Qadisiya, Muthanna, Sulaymaniyah, Diyala and Salah al-Din. These are the same governorates that also scored the lowest in the variety of the same item index, availability of items index, and price index.

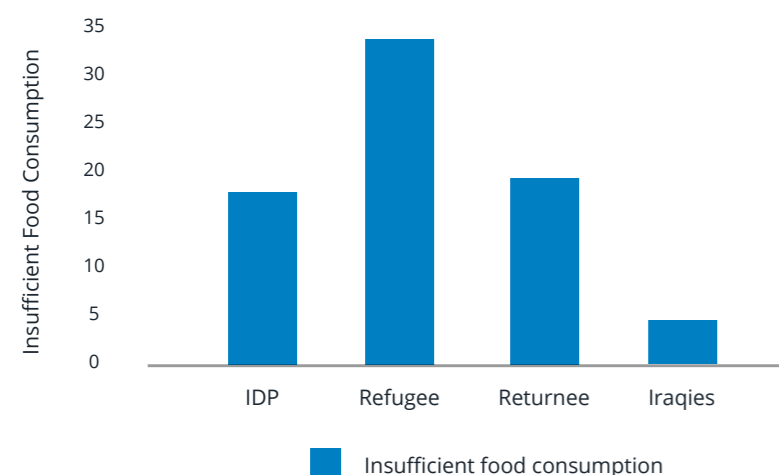
A possible explanation for low MFI in these governorates is due to a general increase in COVID-19 cases across the country. The health and political situation in Muthanna and Sulaymaniyah is unstable, hence is hindering the market from recovering socioeconomically. The rise in COVID-19 cases and additional mitigation measures may continue to have an impact in these areas.

Figure 9: Insufficient Food Consumption



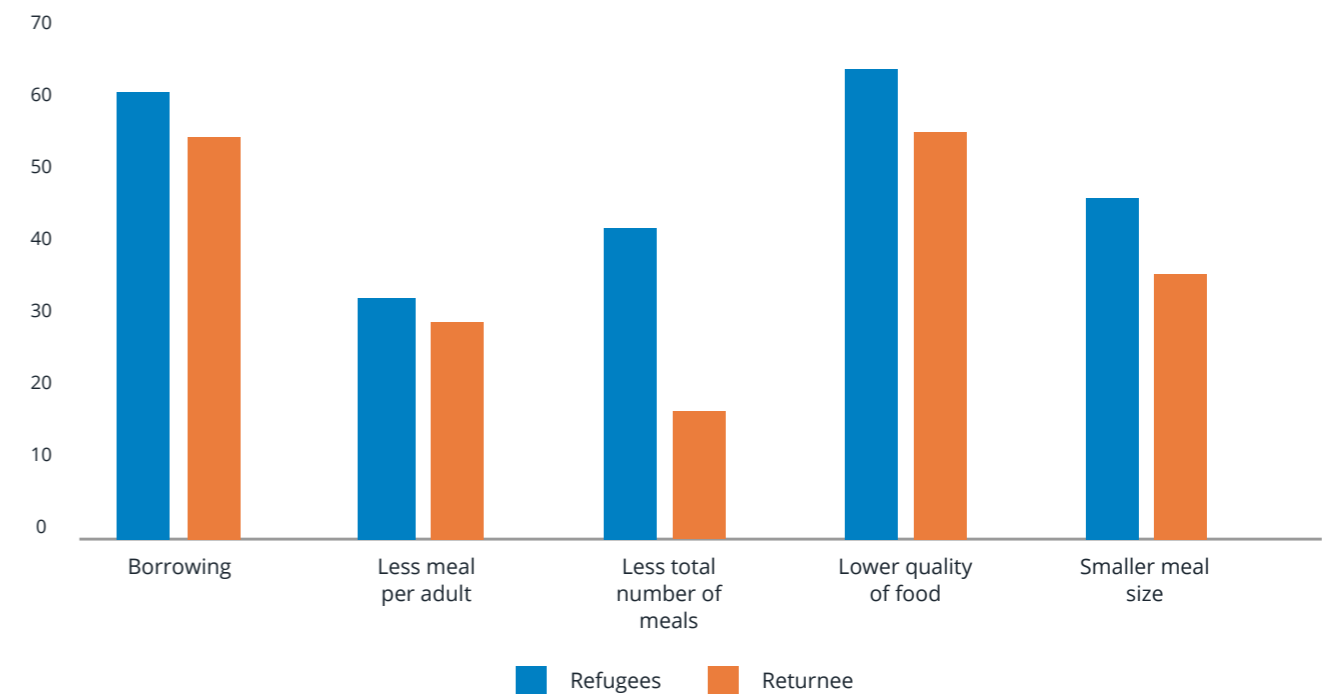
The October 2020 data analysis revealed that the conflict-affected population is the most vulnerable strata in Iraq which includes IDPs, refugees and returnees from camps. The prevalence of people with insufficient food consumption (poor and borderline categories of the Food Consumption Groups) is highest among Syrian refugees; 32.9% of refugees do not have sufficient food consumption. The percentage of insufficient food consumption is 17.5% and 18.9% respectively among IDPs and returnees. At the national level, the percentage of people with insufficient food consumption is around 4.7%.

Figure 10: Insufficient Food Consumption



Analysis of the October 2020 data also revealed that around 37% Syrian refugees are employing negative coping strategies, however levels were 29% and 21% among IDPs and returnees respectively. In contrast, the percentage of people employing negative coping strategies in Iraq at the national level is around 8%. "Relying on less expensive food," "borrowing food" or "borrowing money to buy food" are among the most common coping strategies. The graph below shows that "borrowing" and "depending on lower quality food" are the two common strategies amongst refugees and returnees.

Figure 11: Negative coping strategies



IMPACT OF COVID-19 AND FOOD SECURITY ON COMMUNITY RELATIONS AND COMMUNITY LEVEL DISPUTES

The humanitarian and development community is expanding its focus on the linkages and interaction between food security and conflict. Food insecurity could fuel disputes as it places additional pressure on scarce resources, potentially leading to competition between groups and worsening divisions caused by (perceived) structural inequality. Similarly, conflict, which could be violent, often results in decreased food security as it drives people away from their homes, land and jobs and destroys resources, thereby decreasing food production and flows, and impacting food availability and affordability.

Since the start of the global pandemic there have been instances in several countries where a decrease in access to food and markets has led to stampedes, looting and other disturbances³⁴. In an already fragile context such as Iraq, the added pressure of COVID-19 on scarce resources and livelihoods could potentially impact community relations and lead to increased competition over food. Agencies such as WFP and FAO, which are committed towards the Zero Hunger goal, are taking conflict sensitive programming into account in the provision of assistance, and prioritisation of activities.

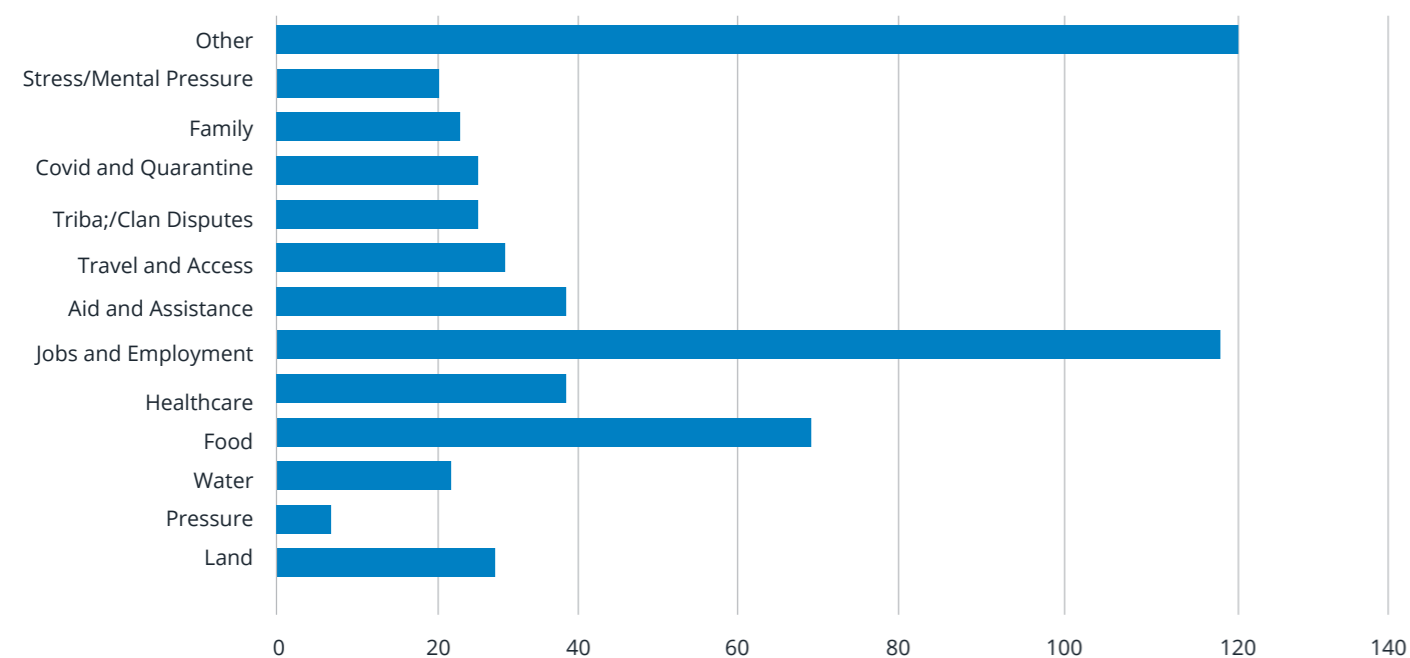
As part of a brand new research initiative, during the September round of WFP's Hunger Monitoring System data collection, several questions were included in the survey to gain an initial understanding on how food currently affects dynamics at the community level in Iraq, and what changes in this regard might be visible for communities since the start of the COVID-19 crisis.

OCCURANCE OF CONFLICT AND DISPUTES IN COMMUNITIES

Respondents were asked if any disagreements or disputes occurred in their district since the start of the pandemic. Participants were informed that these could be disagreements between individuals, families, between communities etc, and did not need to be violent, but could also entail arguments, etc. This was asked to gain an overall indication of how common community-level disputes are, in the areas included in the survey.

Around 18% of respondents reported disputes. The graph highlights different types of reported conflicts. 'Access to jobs and employment' was the most reported cause, followed by 'access to food'. Of the people who stated that access to jobs and employment were a cause of disputes, 26.4% were from Duhok, 12.3% from Ninewa and 10.4% from Wassit. Respondents who mentioned food as a cause of disputes mainly came from Duhok (24.6%), Erbil (20.3%) and Ninewa (14.5%).

Figure 12: Causes of reported conflict and disputes in communities



As can be seen in the graph, a significant number of respondents referred to disputes and social problems within families due to the lack of livelihoods, unemployment and poverty, and the resulting concerns of stress and pressure. This could warrant the need for organisations to focus more on the societal impacts if economic hardship continues or worsens.

When analysing the findings by governorate, there were no standout causes of disputes or conflict in any one location. However, it is notable that in Wassit, almost half of respondents mentioned there had been at least one dispute in their community. This was followed by Babil at 25.8% and Muthanna at 24.6%. Comparatively, in Najaf only 3% of respondents reported there had been a dispute, 2.6% in Karbala and 7.5% in Kirkuk.



DISPUTES OVER ACCESS TO FOOD

Community members were asked separately if arguments or disputes specifically over access to food are normal in their areas. As a positive finding, a large majority of 77.1% stated that such disputes do not normally happen in their areas, while 13.4% found that disputes over food do happen, but only rarely. A small group of 4.7% respondents said that disputes over access to food are common in their areas.³⁵ Overall, it is encouraging to see that access to food does not seem to lead to many disputes, hopefully indicating that respondents either have sufficient access to food or are at least able to resolve any issues before these turn into real disputes.

When looking at responses within governorates, some noteworthy findings were made. In four governorates, larger groups stated that access to food, at least sometimes, leads to disputes or disagreement:

In Muthanna, one person stated it is common, 20.4% said that it is rare but happens, and 77.8% stated this does not happen.

In Anbar, 5% stated it is common, 32.5% said it happens but is rare, while 62% stated it does not happen.

In Salahuddin, 5.2% felt that food-related disputes occur often, 33.3% stated they happen but rarely, and 58.8% stated this does not happen in their areas.

Numbers were highest in **Diyala**, where 5.6% stated that disputes related to access to food are common, 39.7% stated they occur rarely, while 51.6% stated this does not happen.

More research is needed to understand the specific link between access to food and these disputes, if and how these disputes are resolved, what the impact is on the community, and how programming targeting food insecurity and access to food could potentially decrease the likelihood of such disputes at community level. WFP will keep monitoring the situation to assess whether such disputes increase (in certain areas).

When looking at the total sample, of the people who said such disputes often happen (158 respondents), 15.8% (25) is from Baghdad; 17.7% (28) from Ninewa and 19.6% (31) from Dohuk. Of the respondents who felt that such disputes happen, but are rare (429), 14.3% (64) originates from Anbar, 10.9% (49) from Dohuk, 11.1% (50) from Diyala, 15.8% (71) from Ninewa and 11.4% (51) from Salahuddin.

When disaggregating the data into residents, returnee, refugee, and IDP, some small differences were found. Returnees and IDPs were slightly more likely to state there have been disputes due to access to food: 25.56% of those interviewed who identified as IDP since 2014 stated there are disputes related to food (both rarely or common), compared with 22.77% of those identifying as returnees, 20.61% of refugee respondents and 14.94% of residents.

More research is needed to understand the specific link between access to food and these disputes, if and how these disputes are resolved, how exactly the specific disputes manifest themselves and play out, the impact on the community, and how programming targeting food insecurity and access to food could potentially decrease the likelihood of such disputes at community level. WFP will keep monitoring the situation in selected areas, exploring specific follow-up questions when people indicate there are disputes related to access to food, and to assess whether there are changes in reported disputes during the pandemic.

When looking at the total sample, of the people who said such disputes often happen, 15.8% were from Baghdad, 17.7% from Ninewa and 19.6% from Duhok. Of the respondents who felt that such disputes happen, but are rare, 10.9% originated from Duhok, 11.1% from Diyala, 11.4% from Salah al-Din, 14.3% from Anbar, and 15.8% from Ninewa.

When disaggregating the data into residents, returnees, refugees and IDPs, some small differences were found. Returnees and IDPs were slightly more likely to state there have been disputes due to access to food: 25.6% of those interviewed identified as IDPs since 2014 stated there were disputes related to food (both rarely or common), compared with 22.8% of those identifying as returnees, 20.6% refugees and 14.9% residents. This could support previous findings and linkages between displacement and food insecurity. It is important to note that these groups themselves noticed more conflict or disputes regarding access to food, than the non-displaced population. As 15% of the non-displaced resident population experienced disputes, it is noted that it will be interesting to investigate if these relate to internal functions as host communities, or to the interaction with IDPs and returnees.

SHARING FOOD AND OTHER RESOURCES

To gather indications regarding community willingness and the need to share food resources, respondents were asked if people were sharing food and other resources more or less, since the start of COVID-19³⁶. On the national level, the results were mixed, with 45% stating that people have shared more of their food and other resources,

28.8% stating that community members have shared less of their food and other resources, while 22.7% did not notice a change.³⁷

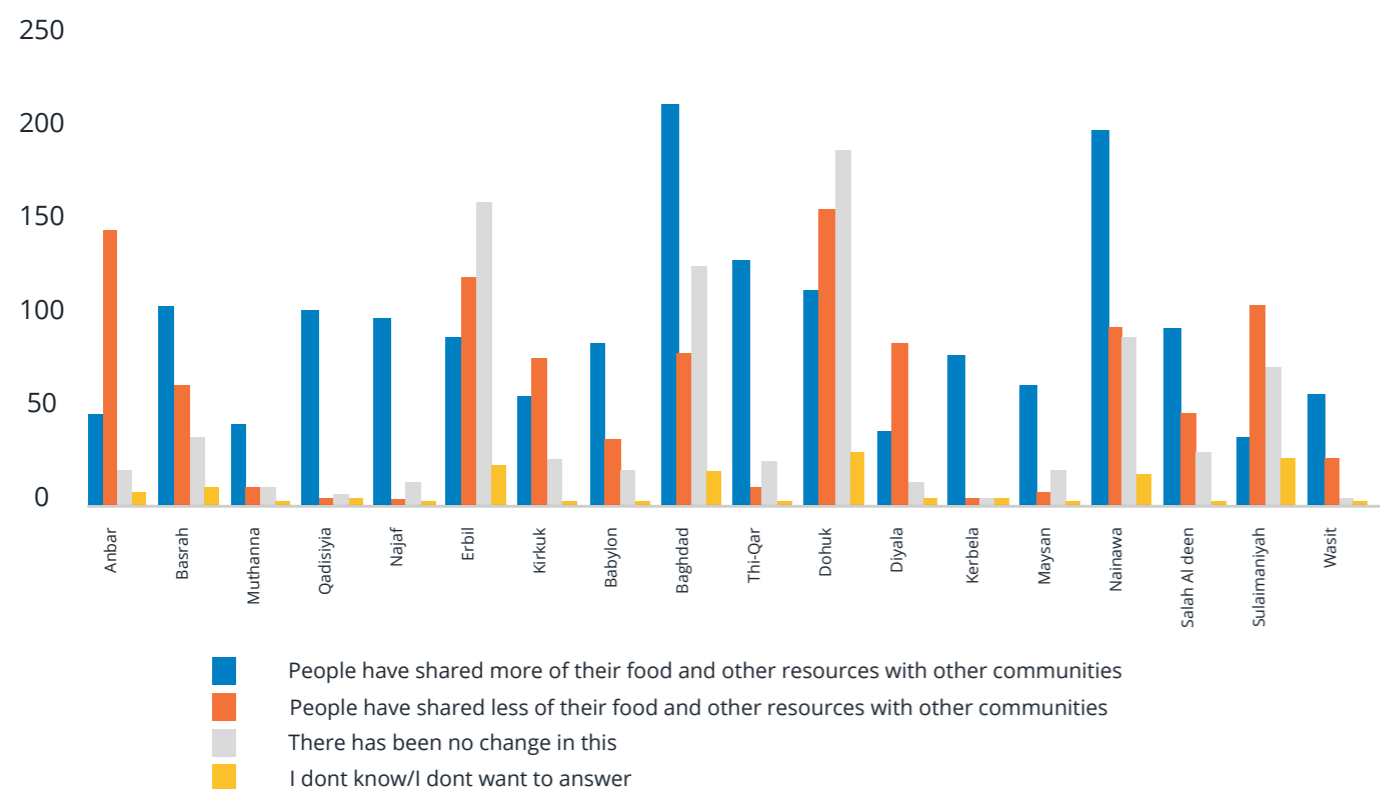
To gather indications regarding community willingness and the need to share food resources, respondents were asked if people were sharing food and other resources more or less, since the start of COVID-19³⁶. On the national level, the results were mixed, with 45% stating that people have shared more of their food and other resources, 28.8% stating that community members have shared less of their food and other resources, while 22.7% did not notice a change.³⁷

The fact that 45% noticed an increase in resource sharing could actually be both a positive or a negative sign. This could mean that communities are coming together to support each other in these challenging economic times, a potential indication of social cohesion and support structures within communities. It can also mean that despite the increased economic hardship, community members still had enough access to food to share resources with other households in need. However, the increase in sharing in some areas could also mean that the sharing of resources is needed, as some households do not have enough access to food resources and are now relying (more) on donations from neighbours, family and other members of their communities. Further research into this will be needed to answer that question and potentially make targeting decisions for food support programming.

When looking at responses per governorate, noteworthy differences are visible. For example, in **Anbar** a majority (67%) stated that people have shared less since the start of COVID-19. In **Diyala** (61.1%) and **Sulaymaniyah** (44.2%) large groups also stated that people have shared fewer resources.³⁸ Again, this could mean multiple things: people do not need to share, or people are not able to share. To suitably focus on the local population's needs, again this must be further assessed.

In other governorates, respondents noticed an increase in the sharing of resources since the start of COVID-19. This was especially seen in **Karbala** (92.3%), **Qadisiya** (91.2%), **Najaf** (88.2%) and **Thi-Qar** (81.2%). In other governorates, the responses were more mixed: between less, more, or not noticing a change. Perceptions on sharing of food and other resources per governorate are visualised in the accompanying graph.

Figure 13: Perceptions on resource sharing per governorate



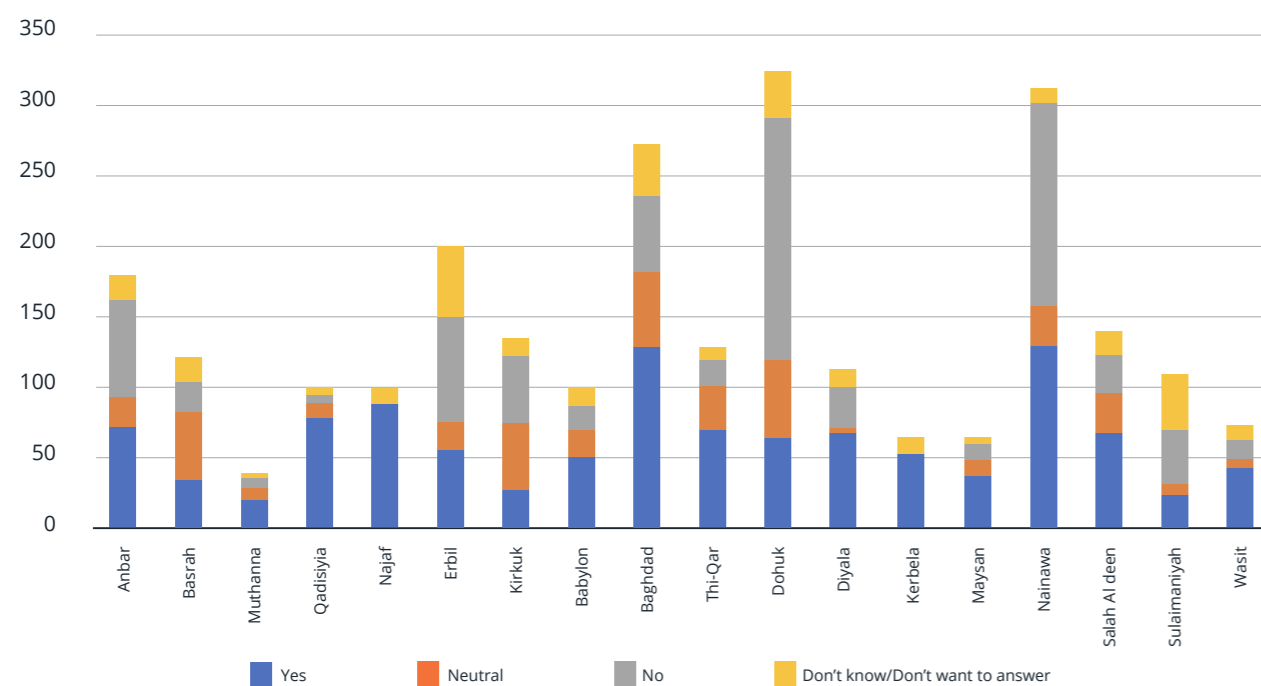
When disaggregated by residence group, more differences were visible. Non-displaced resident responses were comparable to overall national findings, with 52.4% stating there is more sharing, 27.6% saying less, and 16.2% saying it is the same. Of the respondents displaced since 2014, 42.5% stated there is more sharing, 22.3% stated there is less sharing and 33.2% did not notice a change. However, responses from returnees showed a different sentiment. Here, 41.9% stated there was less sharing, 29.3% more sharing and 25.6% the same level of sharing. Of the returnees who stated there has been an increase in sharing, half were from Salah al-Din. Less sharing was especially reported by returnees in Anbar.



PERCEPTIONS ON DISTRIBUTIONS

Respondents were also asked about their perception on distributions of assistance, specifically if they felt these are fair.³⁹ This was asked from WFP and partners' desire to work in a conflict sensitive manner, and from the realisation that prioritisation and distributions are some of the key causes of disputes, potential negative perceptions or even grievances from populations, either towards others who are receiving assistance, or towards the agencies and organisations providing distributions. In case many respondents feel that distributions are not fair, that could mean that changes are needed in terms of communication and outreach to communities on distributions to ensure conflict sensitivity. Overall, 33.7% felt that distributions were fair, 23.1% felt that distributions were not fair, 22.3% stated there were no distributions in their areas, 12.2% were neutral and 8.8% did not know. Of the respondents who mentioned there are distributions in their area, the following perceptions per governorate were recorded:

Figure 14: Do you feel distributions in your area are fair?



People in Qadisiya, Najaf and Karbala were notably most positive. Respondents in Duhok, Ninewa and Erbil were more divided, with considerable portions feeling that distributions were not fair. As these are also the areas with the highest numbers of camps and populations in need, that might explain these findings.

Moreover, when disaggregated in terms of residence status, some clear differences were found. Specifically, of the non-displaced residents, 49% felt that distributions were fair and only 19.9% felt that distributions were not fair. This is a positive sign, as residents are usually less targeted than IDP and refugee populations. If the residents think that prioritisation is fair, this could mean that selection criteria are properly understood and accepted by this group. Comparatively, of the returnee respondents 37.9% thought that distributions were fair, but 47.9% thought that distributions were not fair. Of the refugees, only 20.3% thought that distributions are fair, while 60.4% stated distributions are not fair.

The latter especially raises some concerns in terms of how aware these groups are of distribution selection criteria and processes, and could warrant further attention to this issue and these perceptions. It may also point to a reassessment of these selection criteria and their application by the providers.

V. CONCLUSION

The last months of 2020 brought many changes in the COVID-19 situation in Iraq, with the government's increasingly tight fiscal space, decisions to devalue the currency, challenges to farmers during the movement restrictions, and new research indicating some disputes and concerns during the pandemic, particularly among the most vulnerable groups. FAO, IFAD, WFP and the World Bank will continue to research and analyse new data and findings to best support families in Iraq, the government and the humanitarian-development community during this difficult time.





ACRONYMS

BeneMark	Beneficiary Market Perspectives Survey
CBT	Cash-based transfers
CCI	Cash Consortium of Iraq
FAO	Food and Agriculture Organization
FCS	Food Consumption Score
FPI	Food Price Index
GDP	Gross Domestic Product
HiH	Hand in Hand Initiative
HMS	Hunger Monitoring System
IDP	Internally Displaced People
IFAD	International Fund for Agricultural Development
IOM	International Organization for Migration
IQD	Iraqi Dinar
ISIL	Islamic State of Iraq and the Levant
ITC	International Trade Centre
KI	Key informant
KRG	Kurdistan Region Government
KR	Kurdistan Region
MENA	Middle East and North Africa
mMFI	Mobile Market Functionality Index
MoA	Ministry of Agriculture
MoI	Ministry of Interior
MoLSA	Ministry of Labor and Social Affairs
MoMD	Ministry of Migration and Displacement
MoP	Ministry of Planning
MoT	Ministry of Trade
MoWR	Ministry of Water Resources
m/m	Month on month
mVAM	Mobile Vulnerability Analysis and Mapping
NAP	National Agricultural Plan
PDS	Public Distribution System (of food rations)
rCSI	Reduced Coping Strategy Index (food based)
SCHNS	Supreme Committee for Health and National Safety
SMEs	Small and Medium Enterprises
SMEB	Survival Minimum Expenditure Basket
ToT	Terms of trade
USD	United States dollar
WASH	Water, Sanitation and Hygiene
WFP	United Nations World Food Programme
WHO	World Health Organization
y/y	year on year

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1. Around 11% of citizens are public employees receiving salaries estimated at IQD 6 trillion monthly.
2. In Iraq in 2019, oil accounted for over 96% of exports, 92% of government budget revenues and 43% of gross domestic product (GDP). <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8816>
3. In 2019, crude prices averaged USD 61.34 per bbl. <http://pubdocs.worldbank.org/en/724951606935391601/CMO-Pink-Sheet-December-2020.pdf> <https://www.rudaw.net/english/business/011220201>
4. FAO Food Price Index (FFPI) consists of the average of five commodity group price indices weighted by the average export shares of each of the groups over 2014-2016 (base period). Details available at <http://www.fao.org/worldfoodsituation/foodpricesindex/en/> <https://www.al-monitor.com/pulse/originals/2020/11/iraq-economy-deficit-finance-white-paper.html#ixzz6flr3s731>
5. <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8816>
6. Iraq initially failed to meet the agreed reduced quota of 3.592 million barrels per day in May, and vowed to compensate for the overproduction by making significant cuts in July, August, and September.
7. <https://www.al-monitor.com/pulse/originals/2020/11/iraq-economy-deficit-finance-white-paper.html#ixzz6flr3s731>
8. Central Bank of Iraq.
9. <https://gds.gov.iq/iraqs-white-paper-for-economic-reforms-vision-and-key-objectives>
10. <https://www.unicef.org/iraq/media/1181/file/Assessment%20of%20COVID-19%20Impact%20on%20Poverty%20and%20Vulnerability%20in%20Iraq.pdf>
11. [ibid](#)
12. The poverty line in Iraq is derived from the cost of basic need approach. It is deemed as the level of food expenditure necessary for minimum caloric intake and non-food expenditure necessary to maintain a minimum acceptable standard of living. The national threshold is IQD 105,500 per month per person.
13. <http://cosit.gov.iq/ar/agri-stat/veg-prod>
14. Iraq uses about 500,000 mt of barley and yellow corn annually as feed for poultry. <https://www.bloomberg.com/news/articles/2020-09-13/iraq-to-offer-first-ever-barley-exports-as-rains-yield-surplus>
15. <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8702>
16. The allocations cover all farm breeders of sheep and goats (90kg/head) - twice a year; buffaloes (350kg/head) - four times a year; cows (250kg/head) - four times a year; and camels (500kg/head) once a year only.
17. <https://www.rudaw.net/english/business/131020201>
18. <https://www.rudaw.net/english/business/29102020>
19. This amount was increased for Thi-Qar governorate to 65kg to support the governorate, <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8759>
20. FAO 2020-2021 La Niña Advisory: Potential impacts on food security and agriculture in high-risk countries <http://www.fao.org/3/cb2569en/cb2569en.pdf>
21. Source: <https://iri.columbia.edu/our-expertise/climate/forecasts/seasonal-climate-forecasts>
22. <https://economy-news.net/content.php?id=22168>
23. <https://www.iraq-businessnews.com/2020/11/02/iraqi-cabinet-urges-cooperation-with-turkey-over-tigris-river>
24. MoT last purchased rice via international tender in September 2019, when it bought 120,000 mt of rice of south American origin. Its last wheat tender was in February 2019, leading to a purchase of 400,000 mt of wheat of north American origin. <https://www.spglobal.com/platts/en/market-insights/latest-news/agriculture/111620-approval-of-iraqi-budget-allows-for-possible-rice-wheat-tenders>
25. According to the Trade Data Monitor, analysing 'mirror trade' (recorded destinations for exports by the country of origin, as opposed to registering actual imports), the largest suppliers of wheat and wheat products (e.g., flour, pasta, bulgur) to Iraq in the past year were Turkey (exporting 1.4 mt in 2019, down from 1.65 mt in 2018) and the US (472,000 mt in 2019, down from 882,000 mt in 2018). Countries supplying smaller quantities on ad hoc basis were Canada and Iran.
26. Iraq imports rice in husk from India (on average 500,000 mt), and the US (150,000 mt in 2018 and 2019). Smaller quantities are imported from Thailand, Uruguay, Brazil, Turkey, Argentina, Paraguay and Pakistan. Imports already declined in 2019 as protests erupted in October 2019.
27. <http://www.usarice.com/news-and-events/publications/usa-rice-daily/article/usa-rice-daily/2020/08/17/new-loan-positions-iraq-to-purchase-u.s.-rice>
28. <https://www.spglobal.com/platts/en/market-insights/latest-news/agriculture/111620-approval-of-iraqi-budget-allows-for-possible-rice-wheat-tenders>
29. <http://zeraa.gov.iq/index.php?name=News&file=article&sid=8604>
30. SME owners also described their most important inputs. These were categorised using the Harmonised Commodity Description and Coding System. The most-used inputs were articles of wood (7%), food materials (7%), iron and steel (6%), and meat and edible meat offal (6%).
31. Derived from Sentinel-5P satellite data.
32. The relaxation of restrictions included the reopening and operation of mosques, houses of worship, public amusement parks, event halls,5

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33. star hotels, tourist facilities and the reopening of border crossing for commercial purposes under strong preventive measures. <https://reliefweb.int/report/iraq/iraq-unhcr-covid-19-update-7-october-2020V>
34. For example: <https://www.france24.com/en/20200519-wild-protests-break-out-in-chile-over-covid-19-lockdown-food-shortages>; <https://www.nytimes.com/2020/04/22/world/africa/coronavirus-hunger-crisis.html>; <https://twitter.com/LOL/status/1252255761951895552?s=20>; <https://www.voanews.com/covid-19-pandemic/virus-choking-supply-what-africa-needs-most-food>.
35. Added to this, another 158 people (4.7%) stated that they did not know or did not wish to answer.
36. The full question asked was: "Since COVID-19, are people sharing food and other resources with community members more, less or the same?"
37. 3.5% of the respondents did not know or did not want to answer.
38. It is noted that in Diyala, 27.7% stated that people have shared more, while in Sulaymaniyah 30.7% stated they did not know.
39. Specifically, people were asked: 'Do you feel that distributions in your area are fair? This means that the people who need it most receive support, based on objective and clear criteria'. Please note that enumerators did not differentiate between different forms of distributions and aid, nor between organisations who provide aid distributions.
40. In these numbers, the responses do not include those who stated there are no distributions in their areas.



